

## STATEMENT OF CONSIDERATIONS

### REQUEST BY SOLAR TURBINES INCORPORATED (SOLAR) FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE CONTRACT NO: DE-AC02-92CE40960; W(A)-93-004; CH-0755

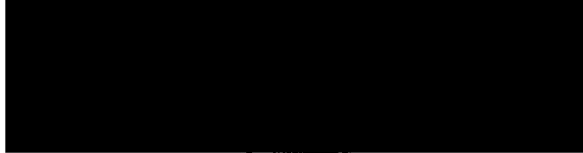
Solar Turbines Incorporated (Solar), a wholly owned subsidiary of Caterpillar Inc., has requested a waiver of domestic and foreign patent rights for all subject inventions of its employees under this contract. In response to an RFP, Solar was awarded a letter contract on September 25, 1992. It is anticipated that the letter contract will be definitized by the end of March 1993. Solar's obligation to continue performance under the contract is contingent upon DOE granting a waiver of rights to subject inventions in a timely fashion. Solar is currently in Phase 1 of a three phase contract having a total cost of approximately \$32.7 million.

The overall objective of the work under this contract is to improve the performance of stationary gas turbines in cogeneration applications and to lessen environmental emissions through the replacement of selected metallic components in the turbines with ceramic parts. As noted in response to question 4 of its petition for waiver, Solar is a leading manufacturer of industrial gas turbines and turbomachinery products for mechanical drive, power generation and cogeneration applications. Moreover, Solar has maintained an on-going research effort in support of its commercial operations in the various technologies relevant to the work to be performed under this contract for literally generations. Accordingly, it is reasonable to conclude that Solar fully expects to continue development and ultimately commercialize the results of this contract.

Referring to its answer to question 6, Solar has made a substantial investment in research directly relating to the technology forming the subject matter of this contract. Additionally, as noted in its response to question 7, Solar has agreed to contribute no less than thirty percent (30%), in aggregate for all phases, of the total contract cost of approximately \$32.7 million as noted above, as a condition of this waiver. This represents a contribution of about \$9.8 million toward the total contract cost. This private investment clearly demonstrates Solar's commitment to the technology and the likelihood of its efforts to commercialize the results of this contract.

Solar has also agreed that the advance waiver of the Government's rights in inventions will be subject to the usual march-in rights, U.S. manufacturing preference and U.S. Government license comparable to those set out in 35 U.S.C. 202-204. Additionally, products, processes or services used or sold by Solar or its affiliates which embody inventions under this waiver must be manufactured, practiced or provided substantially in the United States, and further, any license or other transfer of rights in a subject invention to third parties must be approved by DOE prior to any such transfer. Still further, to insure commercialization of this technology, Solar has agreed to license third parties under its background data and background patents on reasonable terms and conditions if it fails to make reasonable efforts to commercialize the technology.

The grant of this waiver is not expected to have adverse effects on competition or market concentration. Rather, it is believed that granting the waiver will provide Solar with the necessary incentive to invest its resources in the commercialization of the results of the contract in a fashion which will make the contract's benefits available to the public in the shortest practicable time. Therefore, in view of the objectives and considerations set forth in DOE PR 9-9.109-6, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.

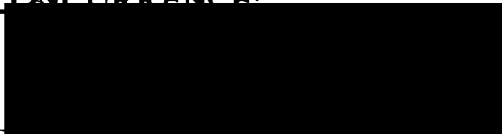


Thomas G. Anderson  
Assistant Chief  
Office of Intellectual  
Property Counsel

Date: 2-23-93

Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this contract, where through such modification or extension, the purpose, scope or cost of the contract has been substantially altered, or in the event that Solar's obligation to the Government for cost sharing is less than thirty percent (30%), in aggregate for all phases, of the total cost of the contract.


CONCURRENCE:



John N. Eustis, Director  
Industrial Energy Efficiency  
Division, HQ

Date: 11 March 1993

APPROVAL:



Richard E. Constant  
Assistant General Counsel  
for Intellectual Property, HQ

Date: 3/17/93